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# TAXATION ON STREET RAILWAYS

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<p><b>TAXATION ON STREET RAILWAYS. Assembly Constitutional Amendment 34.</b> Adds Subdivision ab to Section 14, Article XIII, of Constitution. Subject to change by Legislature fixes percentage of tax on street railways, including interurban electric and gasoline propelled railways, at four and one-quarter per cent of their gross receipts from operation ascertained as provided in constitution; should courts hold classification herein unconstitutional, or prejudicial to State's right to tax other railroads differently, declares this amendment void, and rate on said railways and other railroads shall be as prescribed in subdivision a of same Section or as adopted pursuant thereto.</p>	YES	
	NO	

(For full text of Measure see page 6, Part II)

#### Argument in Favor of Assembly Constitutional Amendment No. 34

This proposed Amendment to Article XIII of the Constitution was adopted in the Assembly by a vote of 57 to 4, and in the Senate by a unanimous vote.

Its purpose is to reclassify and equalize the taxes paid by street railways, including interurban electric railways and gasoline propelled railways, thus placing them on a parity with common property.

The competition of private automobiles with the electric railways is a very serious problem with them. Lines in Pomona, Santa Barbara, Santa Cruz and Palo Alto have discontinued service. The company operating in Eureka was unable to meet its State taxes, and was finally taken over by the city to be operated as a municipal project, and thereby not being subject to taxation under the present law. Numerous partial abandonments have taken place in recent years in various cities. Automobile competition and excessive taxation have resulted in increased fares on most of the remaining lines. Unless relief is had there will probably be further abandonments of service. The situation is not a bright one.

Electric Railways are an essential public utility—they are still a public necessity. They are the backbone of local transportation, giving dependable service at reasonable rates.

The Tax Commission, appointed by Governor Young, in its report to him, dated January 10, 1929, found that "The electric railways bear a disproportionately large burden" of taxes.

The report of the Tax Commission to the Governor, giving the results of its investigation

clearly indicates that the electric railways are being subjected to an unequal share of the State's tax burden. The Commission's conclusions were reached as the results of expert investigation by Mr. Lester T. Ready, an engineer of broad experience, and formerly Chief Engineer of the California Railroad Commission, and Mr. W. C. Fankhauser, who has been in charge of passing on public utility securities for that Commission for many years.

The electric railways are paying 53.06 per cent of their net revenue in State and local direct and indirect taxes. These figures were substantiated by the Tax Commission's experts.

The State Board of Equalization, the State's taxing body, endorses this Amendment.

The County Assessors' Association of California unanimously endorsed this Amendment.

The proposed rate of 4½ per cent of gross receipts is the equivalent of the average tax rate paid on common property—being \$1.79 per \$100 of full value, as found by the Tax Commission in 1929.

The proposed rate of 4½ per cent of gross receipts is identical to the rate now paid by the independent motor bus companies to the State.

The voters of California are respectfully asked to approve this proposed Amendment by voting "YES" on No. 4 on the ballot—thus placing the electric railways' taxes on a parity with other classes of taxpayers.

Give them a square deal.

BERT B. SNYDER,  
Assemblyman, Forty-third District.

FRED B. NOYES,  
Assemblyman, Eighth District.

**TAXATION ON STREET RAILWAYS. Assembly Constitutional Amendment**

34 Adds Subdivision ab to Section 14, Article XIII, of Constitution. Subject to change by Legislature fixes percentage of tax on street railways, including interurban electric and gasoline propelled railways, at four and one-quarter per cent of their gross receipts from operation ascertained as provided in constitution; should courts hold classification herein unconstitutional, or prejudicial to State's right to tax other railroads differently, declares this amendment void, and rate on said railways and other railroads shall be as prescribed in subdivision a of same Section or as adopted pursuant thereto.

YES

NO

Assembly Constitutional Amendment No. 34--A  
resolution to propose to the people of the State of California an amendment to the constitution of said state by adding a new paragraph to section 14 of article thirteen of said constitution, to be designated as subdivision ab, relating to revenue and taxation.

Resolved, by the Assembly, the Senate concurring, That the Legislature of the State of California, at its regular session commencing on the seventh day of January, 1929, two-thirds of the members elected to each of the two houses of said Legislature voting in favor thereof, hereby proposes an amendment to the constitution of the State of California by adding a new paragraph to section 14 of article thirteen thereof, to be designated as subdivision ab, to be inserted after the last paragraph of subdivision aa of said section and to read as follows.

(This proposed amendment adds a new subdivision to an existing section of the Constitution; therefore the provisions thereof are printed in BLACK-FACED TYPE to indicate that they are NEW.)

**PROPOSED AMENDMENT TO THE CONSTITUTION.**

ab. Subject to the power vested in the Legislature by this constitution to change the rate in this section prescribed, the percentage of tax in the last paragraph of subdivision a of section 14 of article thirteen of this constitution levied on all street railways, herein defined to include interurban electric railways and gasoline propelled railways, shall be four and one-quarter per cent fixed upon their gross receipts from operation ascertained as in this constitution provided; provided, however, that in the event that it shall be hereafter finally determined by the courts that the classification herein made is inconsistent with or repugnant to the provisions of the United States constitution or prejudicial to the rights of the state to tax other railroad companies at a different and higher rate of tax, then this amendment shall be void, and the rate of tax levied upon the railroads herein included and all other railroads shall be as prescribed in said subdivision a of section 14 of article thirteen of this constitution, or such other rate or rates as may hereafter be adopted, fixed upon their gross receipts from operation ascertained as in this constitution provided.